

**Success Counseling Services – North
d/b/a Success Insite
Bossier City, Louisiana**

**Financial Statements
June 30, 2006**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-17-07

**Success Counseling Services - North d/b/a Success Insite
Bossier City, Louisiana**

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**Success Counseling Services - North d/b/a Success Insite
Bossler City, Louisiana**

**Statement of Financial Position
June 30, 2006
(With Comparative Totals for 2005)**

	Assets	
	2006	2005
Current assets		
Cash and cash equivalents	\$ 9,921	\$ 32,244
Certificate of deposit	-	50,000
Accounts receivable	40,784	53,802
Unbilled receivables	-	24,357
Prepaid expenses	3,159	14,646
Total current assets	<u>53,864</u>	<u>174,849</u>
 Equipment-net	 <u>12,941</u>	 <u>19,754</u>
Total assets	\$ <u>66,805</u>	\$ <u>194,603</u>

	Liabilities and net assets (deficit)	
Current liabilities		
Line of Credit	\$ 44,758	\$ -
Advances from employee	5,000	-
Accounts payable	25,239	19,342
Accrued payroll and taxes	36,160	45,579
Total current liabilities	<u>111,157</u>	<u>64,921</u>
 Net assets (deficit)		
Unrestricted (deficit)	(44,352)	129,682
Temporarily restricted	-	-
Permanently restricted	-	-
Total net assets (deficit)	<u>(44,352)</u>	<u>129,682</u>
Total liabilities and net assets (deficit)	\$ <u>66,805</u>	\$ <u>194,603</u>

The accompanying Notes are an integral part of the financial statements.

**Success Counseling Services - North d/b/a Success Insite
Bossier City, Louisiana**

**Statement of Activities
for the Year Ended June 30, 2006
(With Comparative Totals for 2005)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2006 Totals	2005 Totals
Revenue					
Medicaid	\$ 323,791	\$ -	\$ -	\$ 323,791	\$ 814,697
Office of Mental Health	178,937	-	-	178,937	101,102
Other revenue	20,047	-	-	20,047	8,959
Total revenue	522,775	-	-	522,775	924,758
Expenses					
Program services -- mental health	536,340	-	-	536,340	848,344
Support services -- administration	160,469	-	-	160,469	184,951
Total expenses	696,809	-	-	696,809	1,033,295
Increase (decrease) in net assets	(174,034)	-	-	(174,034)	(108,537)
Net assets, beginning of year	129,682	-	-	129,682	238,219
Net assets (deficit), end of year	(\$ 44,352)	\$ -	\$ -	(\$ 44,352)	\$ 129,682

The accompanying Notes are an integral part of the financial statements.

**Success Counseling Services - North d/b/a Success Insite
Bossier City, Louisiana**

**Statement of Functional Expenses
for the Year Ended June 30, 2006
(With Comparative Totals for 2005)**

	<u>Administration</u>	<u>Mental Health</u>	<u>2006 Totals</u>	<u>2005 Totals</u>
Accounting and professional services	\$ 14,305	\$ 34,325	\$ 48,630	\$ 78,288
Advertising	-	68	68	512
Building rent	8,515	34,260	42,775	50,215
Depreciation	1,533	6,131	7,664	12,391
Insurance	10,036	35,334	45,370	50,041
Interest	-	280	280	505
Office supplies	-	7,138	7,138	10,816
Postage	-	575	575	1,001
Repairs and maintenance	353	1,411	1,764	4,061
Salaries, contract services and payroll taxes	109,853	354,251	464,104	700,276
Travel	12,720	42,585	55,305	90,900
Utilities and telephone	3,154	12,617	15,771	22,376
Other	-	7,365	7,365	11,913
Total	\$ 160,469	\$ 536,340	\$ 696,809	\$ 1,033,295

The accompanying Notes are an integral part of the financial statements.

**Success Counseling Services - North d/b/a Success Insite
Bossier City, Louisiana**

**Statement of Cash Flows
for the Year Ended June 30, 2006
(With Comparative Totals for 2005)**

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities		
Decrease in net assets	(\$ 174,034)	(\$ 108,537)
Adjustments to reconcile change in net assets to cash used in operating activities		
Depreciation	7,664	12,391
Loss on sale of assets	-	510
(Increase) Decrease in		
Receivables	37,175	11,475
Prepaid expenses	11,487	4,014
Increase (Decrease) in		
Accounts payable	5,897	1,767
Accrued payroll and taxes	(9,419)	4,259
Cash used in operating activities	(<u>121,230</u>)	(<u>74,121</u>)
Cash flows from investing activities		
Capital expenditures	(851)	(5,467)
Proceeds from certificate of deposit	<u>50,000</u>	<u>-</u>
Cash provided by (used in) investing activities	<u>49,149</u>	(<u>5,467</u>)
Cash flows from financing activities		
Net borrowings on revolving credit agreements	44,758	-
Advances from employee	<u>5,000</u>	<u>-</u>
Cash provided by financing activities	<u>49,758</u>	<u>-</u>
Net decrease in cash and cash equivalents	(22,323)	(79,588)
Cash and cash equivalents, beginning of year	<u>32,244</u>	<u>111,832</u>
Cash and cash equivalents, end of year	\$ <u>9,921</u>	\$ <u>32,244</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	\$ <u>280</u>	\$ <u>505</u>

The accompanying Notes are an integral part of the financial statements.

**Success Counseling Services - North d/b/a Success Insite
Bossier City, Louisiana**

**Notes to the Financial Statements
June 30, 2006**

Note 1 Organization and Significant Accounting Policies

Background

Success Counseling Services - North d/b/a Success Insite ("Success") is a not-for-profit human services organization specializing in serving mentally and emotionally challenged young persons in settings common to the clients. Success began operations in July 1995 and serves clients primarily in the Louisiana parishes of Caddo, Bossier, Claiborne, and Webster. Success also offers its services to clients in the Louisiana parishes of Natchitoches, DeSoto, Bienville, Sabine, and Red River.

Success receives fees for services provided under vendor contracts with the State of Louisiana, Department of Health and Hospitals. During 2006, approximately 62% of Success' total revenues were received for mental health services provided to Medicaid-eligible clients. Approximately 34% of total revenues were received for mental health services provided under social services grants with the Office of Mental Health. Success relies upon the funding from these sources for its operations.

Summary of Significant Accounting Policies

The accounting policies of Success conform to generally accepted accounting principles as applicable to voluntary health and welfare organizations. The more significant accounting policies of Success are described below:

Basis of Accounting: Success prepares its financial statements on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Functional Expenses: Expenses are either charged to each program based upon direct expenditures incurred or allocated among the programs and supporting services benefited dependent upon the nature of the expense.

Accounts Receivable: Success extends credit to contracting state agencies in the course of performing services in Central and North Louisiana on an unsecured basis. Accounts receivable are reported at estimated net realizable amounts less allowance for doubtful accounts. Past due or delinquent status on accounts receivable is determined based on contractual terms.

The allowance for doubtful accounts is evaluated on a regular basis by management and is based upon management's periodic review of the collectibility of the receivables in light of historical experience, the nature and type of account, adverse situations that may affect the payor's ability to repay, and prevailing economic conditions. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available. Receivables deemed uncollectible are charged off against the allowance when management believes the uncollectibility is confirmed. At June 30, 2006, there were no amounts reserved in the allowance for doubtful accounts.

Net Assets: Under the provisions of Statement of Financial Accounting Standards No. 117, "Financial Statements for Not-For-Profit Organizations," net assets and revenues and contributions, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Success and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations. Support restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Temporarily restricted net assets - Net assets that are subject to donor-imposed stipulations which may

or will be met either by actions of Success and/or the passage of time. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Permanently restricted net assets - Net assets that are subject to donor-imposed stipulations requiring that they be maintained permanently by Success. Generally, the donors of these assets permit Success to use all or part of the income earned on related investments for general or specific purposes.

Contributions: All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Federal Income Taxes: Success is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Success also is exempt from Louisiana state income taxes.

Cash Equivalents: Success considers all highly liquid investments with a maturity of ninety (90) days or less, when purchased, to be cash equivalents.

Summary of Financial Information for 2005: The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Success' financial statements for the year ended June 30, 2005, from which the summarized information was derived.

Property and Equipment: Property and equipment are stated at cost. Success follows the practice of capitalizing expenditures for property and equipment in excess of \$500. Depreciation of property and equipment is computed on a straight-line basis over the estimated useful lives of the assets.

Risks and Uncertainties: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk: Success maintains its cash balances at one financial institution in the service delivery area. The balance with the financial institution is insured by the FDIC up to \$100,000. Success can have exposure from time to time due to cash balances held in excess of the FDIC coverage. The bank in which Success' deposits have exceeded the insured limit has a strong credit rating. It is management's opinion that credit risk related to these deposits is minimal. At June 30, 2006, the cash balances were fully insured.

Note 2 Equipment

Office equipment and computers	\$ 58,118
Leasehold improvements	15,260
Total, at cost	73,378
Accumulated depreciation	(60,437)
Equipment, net	\$ 12,941

Depreciation charged to operations was \$7,664 for the year ended June 30, 2006.

Note 3 Related-Party Transactions

During the year ended June 30, 2006, a director of Success provided professional medical services to the organization at a cost of \$34,325. At June 30, 2006, Success had a payable to the director for professional services for \$2,588.

At June 30, 2006, Success had an unsecured, non-interest-bearing payable to an employee in the amount of \$5,000. The amount represents a cash advance from Success' program director.

Note 4 Commitments and Contingencies

Success has an unsecured, variable line of credit with Hibernia National Bank in the amount of \$50,000. The line of credit is due on demand, bearing interest at Wall Street Journal Prime plus 3% (11.25% at June 30, 2006), with annual renewal dates on July 2nd. At June 30, 2006, the balance owed on the line of credit was \$44,758.

Note 5 Retirement Plan

Effective March 17, 2001, Success adopted a tax deferred retirement program for all qualified employees under section 403(b) of the Internal Revenue Code. The plan is available to all employees, effective upon hire date. The employer made no contributions to the plan for the year ended June 30, 2006.

Note 6 Going Concern Considerations

The accompanying financial statements have been prepared assuming that Success Counseling Services - North d/b/a Success Insite will continue as a going concern. At June 30, 2006, current liabilities exceed current assets by \$57,293 and total liabilities exceed total assets by \$44,352. Additionally, the company has sustained substantial decreases in net assets in recent years, resulting in a deficit in net assets. Currently, Success is experiencing cash flow problems. The revolving line of credit that was being used for working capital has been substantially depleted.

Success continues to explore additional funding sources. Services being provided to students in the Webster Parish School System since October 2006 are funded through a \$100,000 contract with the school system and are not dependent upon the Office of Mental Health or the Department of Health and Human Services. Originally, five schools were served but an additional school will be added in January 2007. Ideally, the contract money will be fully expended by September 30, 2007. Success' management anticipates a contract for the 2007-2008 school year, as well.

A similar program was initiated in fiscal year 2007 at two schools through a contract with the Claiborne Parish School System (CPSS). This program is provided by CPSS through a grant from the Office of Mental Health as part of a post- Katrina Social Service Block Grant to Louisiana. Initial data of the efficacy of the program indicates a reduction of disciplinary infractions. Success' management is unable to ascertain if the block grant money will extend past the fall of 2007.

On August 1, 2005, when the new Mental Health Rehabilitation Program (MHRP) format went into effect, Medicaid removed services for Natchitoches Parish from the Shreveport/Bossier-based agencies. Medicaid has indicated that it is willing to lift this restriction. Success was contacted in December 2006 by a representative of the Natchitoches Office of Mental Health (OMH) and asked to begin serving some of OMH's clients in the area. Success' management is reviewing what the potential case loads would be with both MHRP and OMH clients to determine if it is cost beneficial to resume client services in Natchitoches Parish.

Additionally, the management of Success is considering moving to a location with less space in an effort to reduce rent expense. The ability of the organization to continue as a going concern is dependent upon the success of management's endeavors to increase revenues and to reduce expenses.

ROBERTS, CHERRY AND COMPANY
Certified Public Accountants, Consultants

Independent Auditor's Report

To the Board of Directors of
Success Counseling Services - North d/b/a Success Insite
Bossier City, Louisiana

We have audited the accompanying statement of financial position of Success Counseling Services - North d/b/a Success Insite (a not-for-profit organization) as of June 30, 2006, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of Success Counseling Services - North d/b/a Success Insite's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2005 financial statements and, in our report dated November 9, 2005, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Success Counseling Services - North d/b/a Success Insite as of June 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that Success Counseling Services - North d/b/a Success Insite will continue as a going concern. As shown in the financial statements, the organization incurred a decrease in net assets of \$174,034 for 2006 and has incurred substantial decreases in net assets for each of the past three years. At June 30, 2006, current liabilities exceed current assets by \$57,293 and total liabilities exceed total assets by \$44,352. These factors, and the others discussed in Note 6, raise substantial doubt about the organization's ability to continue as a going concern. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets or the amounts and classification of liabilities that might be necessary in the event the organization cannot continue in existence.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2006, on our consideration of Success Counseling Services - North d/b/a Success Insite's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

ROBERTS, CHERRY AND COMPANY

ROBERTS, CHERRY AND COMPANY

A Corporation of
Certified Public Accountants
Shreveport, Louisiana
December 8, 2006

ROBERTS, CHERRY AND COMPANY
Certified Public Accountants, Consultants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of
Success Counseling Services - North d/b/a Success Insite
Bossier City, Louisiana

We have audited the financial statements of Success Counseling Services - North d/b/a Success Insite (a not-for-profit organization) as of and for the year ended June 30, 2006, and have issued our report thereon dated December 8, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Success Counseling Services - North d/b/a Success Insite's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Success Counseling Services - North d/b/a Success Insite's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the organization, federal awarding agencies, pass-through entities, and the State of Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

ROBERTS, CHERRY AND COMPANY
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A Corporation of
Certified Public Accountants
Shreveport, Louisiana
December 8, 2006